



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RQ-3

February 14, 2002

James C. May, Treasurer  
National Association of Broadcasters Television  
and Radio Political Action Committee  
1771 N Street N.W.  
Washington, DC 20036

Identification Number: C00009985

Reference: March Monthly (2/1/01-2/28/01), April Monthly (3/1/01-3/31/01) and  
May Monthly (4/1/01-4/30/01) Reports

Dear Mr. May:

On January 23, 2002, you were notified that a review of the above-referenced report(s) raised questions as to specific contributions and/or expenditures, and the reporting of certain information required by the Federal Election Campaign Act.

Your February 6, 2002 response is incomplete because you have not provided all the requested information. For this response to be considered adequate, the following information is still required.

-Schedule B of your report discloses payments to your connected organization to "reimburse vendor for hotel", "reimburse vendor for airfare charges" and "purchase 24 tickets/parking from vendor" and memo entries indicating that these payments were for in-kind contributions to candidate committees. 2 U.S.C. §441b prohibits a corporation or labor organization from contributing or expending funds for the purpose of influencing any federal election; however, a connected organization may pay for the solicitation and administrative costs of its separate segregated fund.

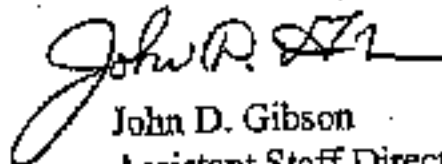
Please note that in certain circumstances the committee may make advance payments to its connected organization for services (see attached pages from the Campaign Guide for Corporations and Labor Organizations). Please provide additional clarification regarding these transactions. You should also clarify if the payments to your connected organization were made in advance of the in-kind contributions to the candidate committees.

Although the Commission may take further legal action concerning this matter, your prompt action will be taken into consideration.

An adequate response must be received at the Commission by March 6, 2002. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions related to this matter, please contact Jim Krebs on our toll-free number (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or our local number (202) 694-1130.

Sincerely,



John D. Gibson  
Assistant Staff Director  
Reports Analysis Division

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Enclosure

## CHAPTER 10

# Use of Resources and Facilities

Under certain circumstances, corporations (including incorporated membership and trade associations) and labor organizations may allow candidates, political committees and individuals to use their resources and facilities (e.g., computers, phones, office equipment, furniture and rooms) in connection with federal elections. Described below are rules that apply to the use of facilities; note particularly when the user must reimburse the organization and when payment must be made in advance of the facility use.

This section does not apply to the use of an organization's facilities for the purpose of administering an SSF or raising funds for it. See pages 13 and 24.

## 1. Individual Volunteer Activity

### Incidental Use

Corporate employees and stockholders and labor organization employees, members and officials may make occasional, isolated or incidental use of corporate/labor organization facilities for their own individual volunteer activities in connection with a federal election. Note that the Commission has said that the use of facilities during one hour per week or four hours per month is considered "incidental use." Note, however, that this safe harbor does not apply when the employee is asked by a superior to do the volunteer work as a part of his/her regular duties. 114.2(f)(2)(i)(A). See Use of Staff, this page.

### Reimbursement

**Incidental Use**  
When the individual's use of the facilities is occasional, isolated or incidental, the individual must reimburse the organization to the extent that his/her activity increased the corporate/labor organization's overhead or operating costs. 114.2(a)(1) and (b)(1).

**Activity Exceeding Incidental Use**  
When the individual's use of facilities exceeds the time frame of "incidental use," the individual must, within a commercially reasonable time, reimburse the corporation/labor organization for the usual and normal rental charge for facility use. 114.2(a)(2) and (b)(2).

## 2. Use In Fundraising

Corporations and labor organizations are generally prohibited from using their resources or facilities to engage in fundraising activities in connection with a federal election (except for fundraising for their own SSF—see Chapter 3. See also Appearances Before the Restricted

Class, Solicitation by the Connected Organization, page 63). There are, however, three narrow exceptions.

### Use of Staff

Corporate/labor officials or employees may direct subordinates to plan, organize or carry out fundraising as part of their work, using corporate/labor organization resources, only if the corporation or labor organization receives advance payment for the fair market value of the services, including compensation, benefits and overhead. However, using coercion to urge anyone to engage in fundraising on behalf of, or make a contribution to, a candidate or political committee is prohibited. 114.2(f)(2)(i)(A) and (iv). AO 1988-16.

## ADVANCE PAYMENT FOR USE OF RESOURCES AND FACILITIES

SCHEDULE B (FEC Form 300) ITEMIZED DISBURSEMENTS		FOR LINE 11B (SEE INSTRUCTIONS)		PAGE		OF	
		11A	11B	11C	11D	11E	11F
Any information reported from such reports and disbursements may not be used or used by any person for the purpose of soliciting contributions or for soliciting purposes, when such information is used for the purpose of soliciting contributions, even when such information is used for the purpose of soliciting contributions.							
NAME OF COMMITTEE (in full)							
Gold Budget Corporation PAC							
P.O. Name (Last, First, Middle Initial)							
A. Gold Budget Corporation							
Mailing Address		Date		Zip Code		Date of Disbursement	
101 Commerce Road		VA		00000		03 11 2002	
City		State		Zip Code		Amount of Cash Disbursement this Period	
Alexandria		VA		00000		1000.00	
Purpose of Disbursement		Category Type					
Catering services		Oil					
Candidate Name		Disbursement For:					
		<input checked="" type="checkbox"/> Office Expense <input type="checkbox"/> House <input type="checkbox"/> Rental <input type="checkbox"/> President <input type="checkbox"/> Other (specify)					
P.O. Name (Last, First, Middle Initial)		Date		Zip Code		Date of Disbursement	
B. Gold Budget Corporation		VA		00000		03 11 2002	
Mailing Address		State		Zip Code		Amount of Cash Disbursement this Period	
101 Commerce Road		VA		00000		500.00	
City		State		Zip Code			
Alexandria		VA		00000			
Purpose of Disbursement		Category Type					
Fundraising (catering)		Oil					
Candidate Name		Disbursement For:					
Karl Meigs		<input checked="" type="checkbox"/> Office Expense <input type="checkbox"/> House <input type="checkbox"/> Rental <input type="checkbox"/> President <input type="checkbox"/> Other (specify)					
P.O. Name (Last, First, Middle Initial)		Date		Zip Code		Date of Disbursement	
C. Gold Budget Corporation		VA		00000		03 11 2002	
Mailing Address		State		Zip Code		Amount of Cash Disbursement this Period	
101 Commerce Road		VA		00000		400.00	
City		State		Zip Code			
Alexandria		VA		00000			
Purpose of Disbursement		Category Type					
Fundraising (catering)		Oil					
Candidate Name		Disbursement For:					
John Rutherford		<input checked="" type="checkbox"/> Office Expense <input type="checkbox"/> House <input type="checkbox"/> Rental <input type="checkbox"/> President <input type="checkbox"/> Other (specify)					

## Use of Customer/Client Lists

A corporation or labor organization may, in connection with a fundraiser, use the organization's lists of customers, clients, vendors or others not in the restricted class to send invitations or solicit contributions only if the organization receives advance payment for the fair market value of the lists. 114.2(f)(2)(i)(C).

## Use of Catering or Food Services

In connection with a fundraiser, the corporation or labor organization may operate or obtain catering or other food services only if the corporation or labor organization receives advance payment for the fair market value of the services. 114.2(f)(2)(i)(E).

## Advance Payment

"Advance" means before the staff services, the lists or the catering services are provided.

### Permissible Sources

Any person who is not otherwise prohibited from making a contribution in connection with a federal election (e.g., an individual, PAC or campaign) may make the advance payment. For example, the candidate, the organization's separate segregated fund, the party, or an individual may make the advance payment.

### Effect on Contribution Limits

Payments by the candidate or the candidate's committee will be considered campaign expenditures. Payments by any other person will be considered in-kind contributions to the candidate, subject to limits and reporting requirements.

## 3. Use of Offices and Equipment

If a committee or individual other than an employee or stockholder of a corporation, or a member or official of a labor organization, uses the corporate/labor organization facilities in connection with a federal campaign, the user must reimburse the organization within a commercially reasonable time and at the usual and normal rental charge. Facilities used

## ADVANCE PAYMENT FOR USE OF RESOURCES AND FACILITIES (continued)

SCHEDULE B (FEC Form 323) ITEMIZED DISBURSEMENTS		FEDERAL ELECTION NUMBER (check only one)		PAGE 1 OF 1	
Use separate schedule(s) for each category of the Disbursed Summary Page		11b	11c	11d	11e
Any information copied from both Reports and Disbursements may not be used by any person for the purpose of soliciting contributions or for nonpermissible purposes, other than using the same for the purpose of soliciting contributions to other candidates from both candidates.		11b	11c	11d	11e
NAME OF COMMITTEE (in full)					
Gold Budget Corporation					
Full Name (Last, First, Middle Initial)					
Date of Disbursement					
03 / 11 / 2002					
Amount of Each Disbursement (in full)					
500.00					
Category Type					
011					
Office Bought					
House					
Car					
Other (Specify)					
Disbursement For					
Primary					
General					
Other (Specify)					
State: NY					
Zip: 10001					
Full Name (Last, First, Middle Initial)					
John Rutherford BOB Committee					
Address					
433 Monument Ave.					
City					
St. Paul					
State					
MN					
Zip Code					
00000					
Date of Disbursement					
03 / 11 / 2002					
Amount of Each Disbursement (in full)					
400.00					
Category Type					
011					
Office Bought					
House					
Car					
Other (Specify)					
Disbursement For					
Primary					
General					
Other (Specify)					
State: MN					
Zip: 05					

for these purposes might include office space, telephones, computers, typewriters, copy machines and furniture. 114.8(d).

## 4. Meeting Rooms

### At Discount or for Free

A corporation or labor organization may offer its meeting rooms to a candidate or a political committee at a discount or for free if:

- It customarily makes the meeting rooms available to clubs, civic or community organizations or other groups at a discount or for free;
- It makes the meeting rooms available on the same terms given to the other groups using the meeting rooms; and
- It makes the meeting rooms available to any other candidate or political committee upon request. 114.13.

### At Normal and Usual Rental Charge

Alternatively, a corporation or labor organization may, at its discretion, rent its meeting rooms to a candidate or political committee provided the corporation or labor organization is reimbursed within a commercially reasonable time and at the usual and normal commercial rental rate. 114.2(f)(2)(B) and (D) and 114.8(d).

**EXAMPLE:** If Corporation XYZ allows a civic group to use its meeting rooms at a 20 percent discount from the usual and normal rental rate, Corporation XYZ may allow Candidate A to use the meeting rooms at the same 20 percent discount as is given to the civic group. If it allows Candidate A to rent the meeting rooms at the 20 percent discount, Corporation XYZ must allow any other candidates who so request to use the meeting rooms, and it must give them the same 20 percent discount.

Alternatively, if Corporation XYZ rents its meeting rooms to Candidate A at the usual and normal rental rate, it is not required to allow any other candidate to use the rooms.

## 5. Transportation

### Use of Corporate/Labor Airplane

A candidate, a candidate's agent or someone traveling on behalf of a candidate may, in connection with a federal election, use an airplane owned or leased by a labor organization or corporation that is not licensed to offer commercial service (i.e., that is not an "air carrier" under the Federal Aviation Administration rules). The user must pay the corporation or labor organization in advance of the trip according to the following rules:

#### Travel to City Regularly Served by Commercial Service

When traveling to a city with regularly scheduled commercial airline service, the campaign must pay the first class air fare rate; and

#### Travel to City Not Regularly Served by Commercial Service

When traveling to a city with no regularly scheduled commercial airline service, the campaign must pay the usual charter rate. 114.9(e)(1). See also AO 1999-13.

### Use of Other Transportation

If a candidate's campaign uses other means of transportation owned or leased by a corporation or labor organization, the campaign must reimburse the organization within a commercially reasonable time and at the usual rental charge. 114.9(e)(2).

## 6. Production of Campaign Materials

Any person using corporate/labor organization facilities to produce materials in connection with a federal election must reimburse the corporation or labor organization within a commercially reasonable period of time for the usual and normal charge for producing those materials in the commercial market. 114.9(c).

## CHAPTER 11 Other Uses of Treasury Funds

In addition to the communications described above, a corporation or labor organization may use its treasury funds for other activities affecting the political process at the federal level. These activities are not considered contributions, and they are not reportable by the organization that conducts them. Listed below are descriptions of these activities along with pertinent guidelines.

### 1. Legal and Accounting Services<sup>1</sup>

A corporation or labor organization may offer free legal and accounting services to candidate committees, party committees and other political committees provided that:

- The individual who performs the service is a regular employee of the organization;

- The organization does not hire additional employees to enable the regular employees to provide the services;
- The services to candidate committees and other nonparty political committees are provided only for the purpose of helping them comply with the federal election campaign laws; and
- The services provided to political party committees do not directly further the election of candidates for federal office. 114.1(a)(2)(vi) and (vii).

Because recipient committees must report the value of donated legal and accounting services, the corporation or labor organization should provide committees with the following information: the cost of the services, the date they were performed and the name of the individual performing them. 104.8(h).

### 2. Donations to Nonfederal Candidates and Committees

A corporation or labor organization may make donations to nonfederal candidates and to organizations not involved in federal elections, if permitted by state law. However, national banks, federally chartered corporations and foreign nationals are prohibited from making contributions or expenditures in connection with state and local elections. 110.4(a) and 114.2(a).

### 3. Donations for Party Office Building

A corporation or labor organization may donate money or anything of value to a national or state party committee specifically for the purpose of constructing or purchasing a party office facility (but not for influencing a particular federal election). 114.1(a)(2)(ix). Building fund donations are not considered contributions and are not subject to limits. 100.7(b)(12). Also, the FECA allowance for corporate donations for party office buildings supersedes any state prohibition in these matters. AOs 1996-8, 1996-7 and 1997-14.



1. This section does not limit the legal and accounting services that a connected organization may provide to its SSF for administration and solicitation purposes.